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Market Intelligence

February 2023

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Trend Tracker

"As stated in the last update, there continues to be some promising signs with supply chains opening-up, shipping times improving, parts delays easing and repair volumes up.

There are, however, still some concerning trends to consider; the economic and political situation is still uncertain; and inflationary pressure remains - particularly on wages creating significant numbers of strikes from the public sector - creating pressure within the workplace ad therefore impacting the skills crisis further. Whilst in the short-term attention remains on energy costs (despite signs of this dropping) and how this is impacting margin, almost all other costs are escalating too which is impacting the cost-of-living for staff and customers alike.

Repair costs are still rising and the full extent of this has not been seen yet while insurers continue to battle with profit pressure and the need to increase motor insurance prices. Insurers will be pleased to see repair cost inflation starting to slow though.

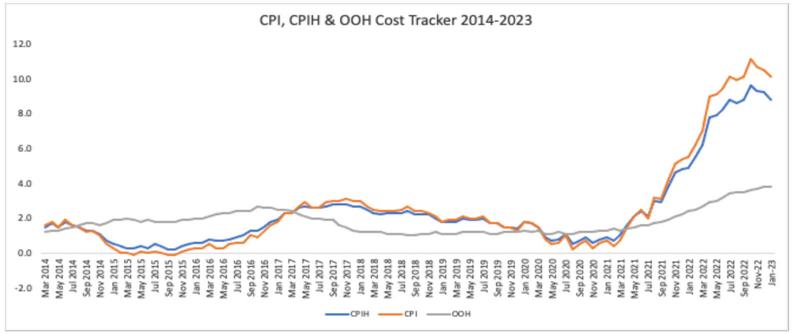
One thing is for certain, the EV parc is growing rapidly with less than 50% of cars sold in February being petrol/diesel.

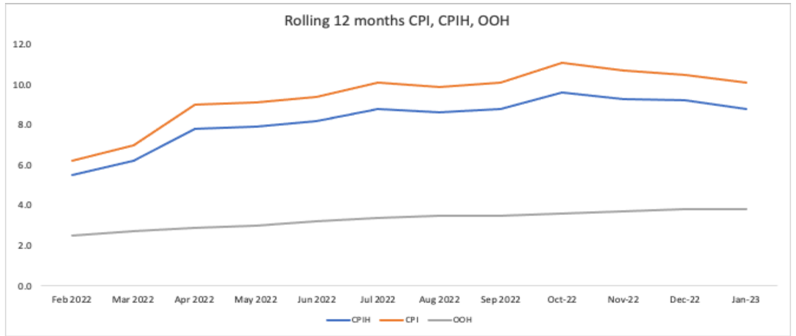
In summary, there are still some strong head winds for businesses, but signs of improvement through the supply chain to hopefully relieve some of the operating pressures.

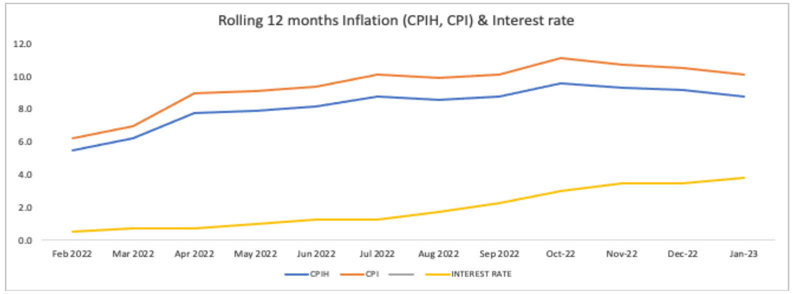
Full details of all these market impacts in the latest Trend Tracker report: https://www.trendtracker.co.uk ."

Economic Trends

(ONS, ECA)







Inflationary pressure beginning to ease– still much of 2023-4 to navigate before this returns to 'normal'. Wage inflation not keeping up with reported 'real pay' being -2% (ONS)

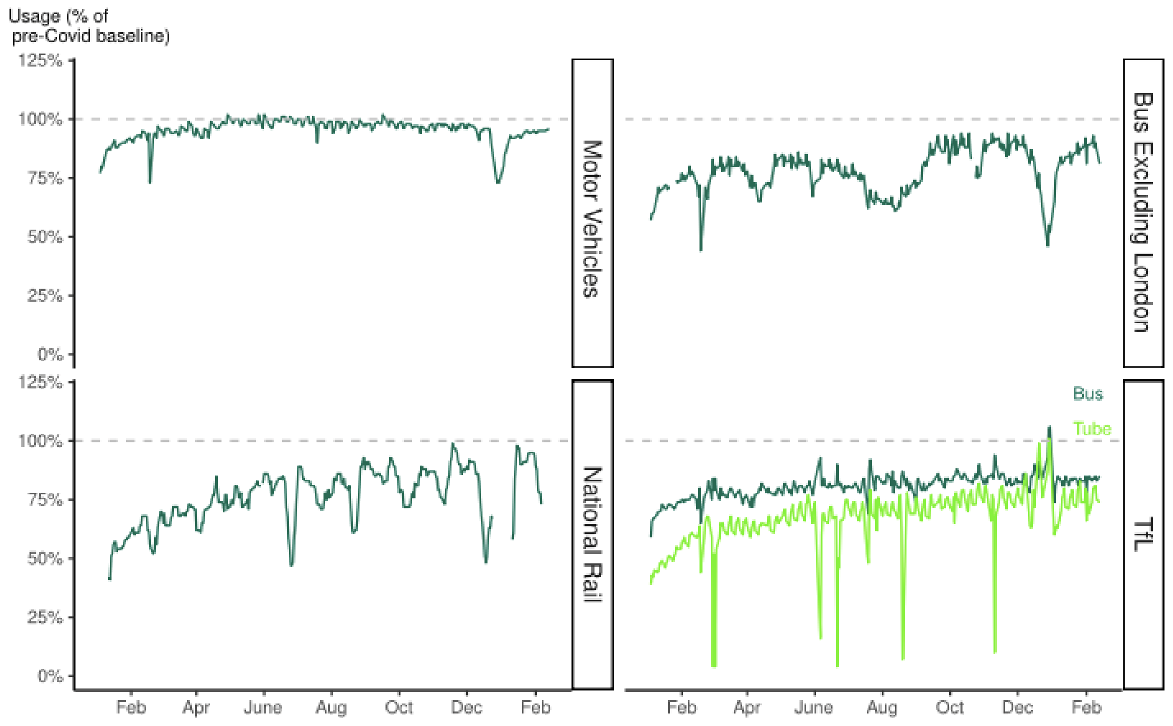
ONS reported wages have increased by 5.7% (adjusted 3-month average (year on year), close to the highest outside the pandemic – **making the median monthly pay £2,187, compared to £1,598 in 2014.**

Energy costs– single most significant cost issue, but dropping (ECA)

Difficult to 'predict increase in claims costs' - as a result of consistent rises in repair costs, Jan 2023 £317 up on Jan 22 (13%)

Mobility & Car market

(cap hpi, Trend Tracker, SMMT, Dept. of transport)



Road use at c96% of pre-pandemic for cars, with traffic volumes almost back to normal, with some change in traffic patterns.

Production improved to being only -0.3% down vs 2022

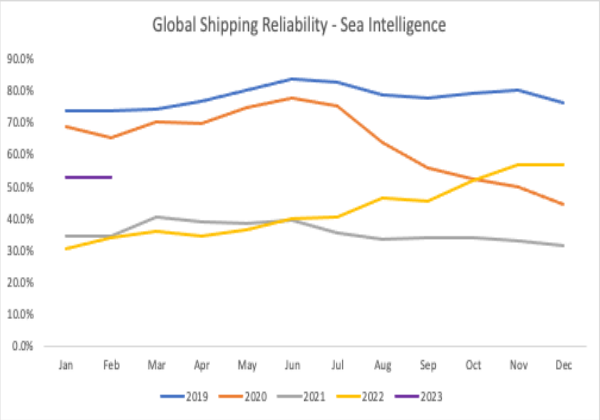
New car sales up 26% 23 vs 22. Plug—ins continue to grow share of sales. Less than 50% of sales were ICE vehicles.

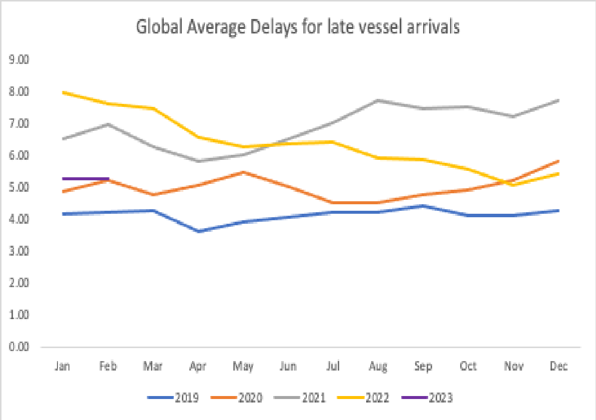
Used Car values up 1% with stock down (2m less new cars sold in the last 3 years impacting used car stocks) – demand for EV's lower than expected with many still expecting a price drop in coming years.

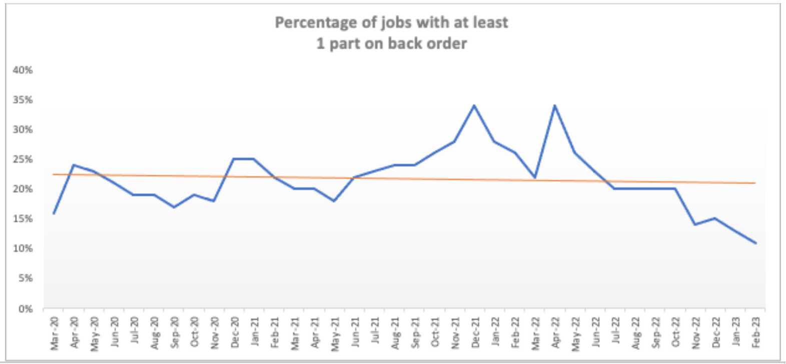
Cap-hpi report indicated no reason to expect a drop in demand as we come into February/March, with EV interest maybe climbing back as we come out of winter, taking focus away from cost of heating and energy costs.

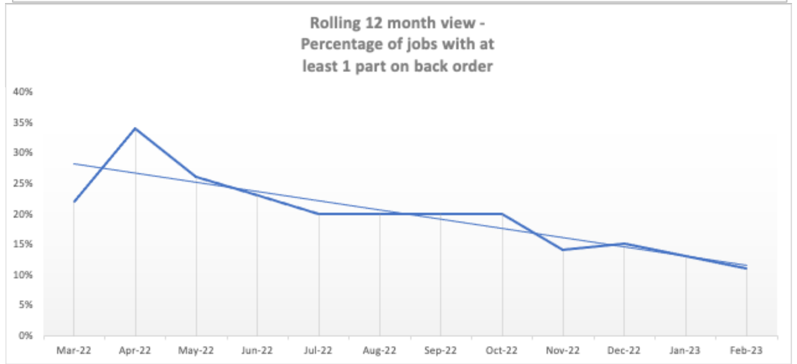
Supply chain impact

(Sea Intelligence, Advantage Parts)









Global **Shipping delays** – Various impacts on global shipping created significant drop in reliability and increased delays in the last 2 years - but this has been improving since July. **Reliability better then 2021 & 2022 / Delays less than 2021/2022.**

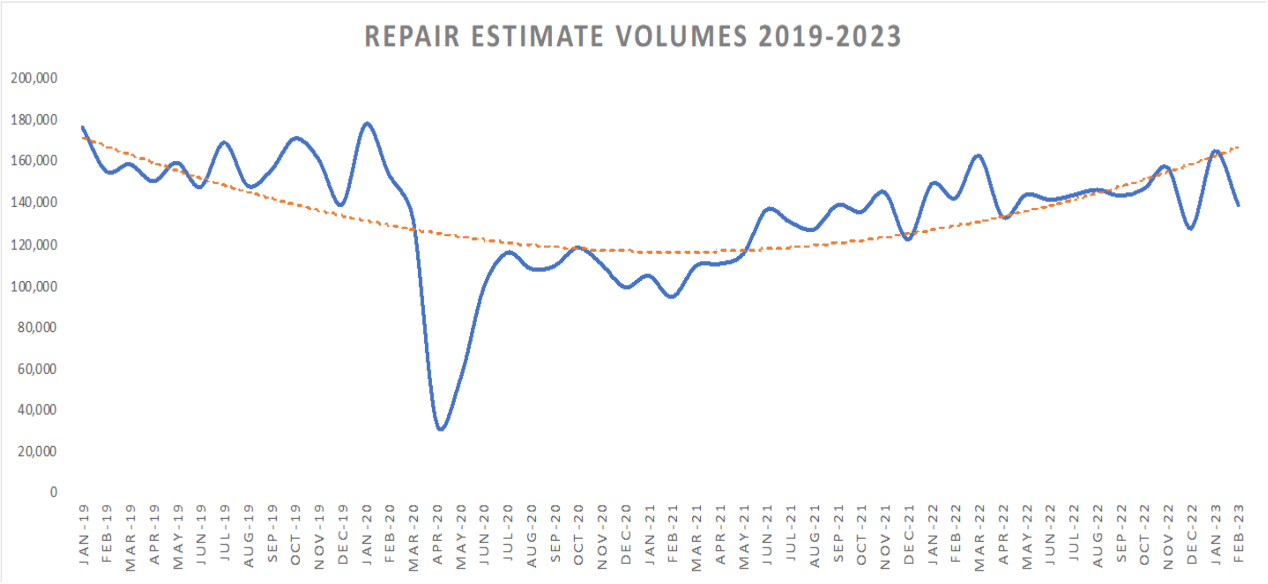
Parts delays – became common problem and still not fully addressed but this is also a rapidly improving picture – based on the data from Advantage parts.

New ways of working – to manage the changing demand & supply, a **New normal** – is here to stay for foreseeable future – triaging repairs to pre-order parts.

Vehicle Repair

(Audatex, Advantage parts, Trend Tracker)

Solera Vehicle Claims | Audatex



Vehicle **Repair demand** – steady at 90-95% of pre-pandemic levels – Jan/Feb c9% lower than 2019. driving patterns and rush hours have changed but volumes have spiked up in recent months.

Repair costs rising – year on year, month on month. Feb 23 £319 higher than Feb 22 continuing a consistent month on month / year on year position.

Cycle time – moving out impacted by lead times with the increase in volume into a market already at critical capacity.

Parts delays dropping – less than 11% of jobs now waiting for 1 or more part, down from more than 20% in 2022.

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